



11 February 2019

The Advisory Committee to the Open Banking Review/Financial Institutions Division
The Financial Sector Policy Branch
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario, K1A 0G5

To whom it may concern,

RE: Response by request on open banking in Canada

Open Banking will provide improved outcomes for Canadian consumers, small businesses, financial technology platforms, and financial institutions. Through the implementation of Open Banking, consumers and small businesses will have greater control of their financial data, including the ability to choose which third party applications are granted access to their financial data. Collaboration between financial technology platforms and financial institutions will deliver world-class technology applications which deliver improved data quality, data reliability, and data security.

Founded in 2006 in New Zealand, Xero is one of the fast growing software as a service companies globally. We lead the New Zealand, Australian, and United Kingdom cloud accounting markets, serving over 1.5 million customers in 180 countries. At Xero, we've been delivering on the promise of Open Banking for more than 10 years, bringing security, innovation, and connectivity to customers around the world. Drawing on our vast experiences in the United Kingdom with the Open Banking Standard, we believe that providing our customers with control over their data is one of our most important responsibilities. With secure transaction feeds from financial institutions, our customers are able to streamline their bank reconciliation process, which includes revenue recognition, expense management, and forming the basis for cash flow projections. Having access to real-time financial information, in collaboration with trusted advisors will enable small business owners to make more informed business decisions.

Xero has a history of participating in working groups defining Financial APIs. We are a chair on the Open Financial Exchange (OFX) consortium, which released the OFX 2.2 specification in 2016 of which we are a named copyright member. Most recently, Xero helped launch the Financial Data Exchange (FDX) organization, which is unifying the financial institutions and fintechs in the United States around a single API standard, the FDX API (formally DDA). In order to address the risks regarding consumer protection, privacy, cyber security, and financial stability, we would encourage the Canadian Open Banking Commission to leverage the existing work of FDX by reviewing the FDX API as the API protocol which addresses all of these concerns from a technological perspective. Specifically, the FDX API's full prediction on consumer permissioned access to financial data means that no financial data will be accessed through the FDX API standard without the consumer's full permission and control. Additionally, FDX is supporting and developing best practices of consumer consent and permissioning. This ensures that consumers understand all aspects of how their



financial data is being used and enhances the security and privacy of financial data. The FDX API also enhances consumer protection because the financial data ecosystem will finally be unified around a common interoperable data standard that doesn't rely on the sharing and storing of login credentials and doesn't depend on non-proprietary technology such as screen scraping.

From our experience and the lessons we've learned through our involvement in working group discussions relating to the implementation of Open Banking in the United Kingdom, Australia, New Zealand and the United States, it would be our recommendation that Canada deploys an Open Banking infrastructure which aligns to these principles:

- Customers are entitled to free and secure access to personal banking information, in human and machine readable non-proprietary formats
- Customers are entitled to share this data with other applications for their own purposes, and banks are required to enable this sharing through free access to APIs
- The APIs and data provided by banks should adhere to the same, non-proprietary standard which implements the best security practices such as the FDX API
- Customer data refers to personally identifiable information, all bank transactions initiated by or performed on customer, and the non-personally identifiable information on the parties with whom they've transacted
- Customer data is owned by the customer; the financial institution acts as custodian of that data with a license to its use.

We are happy to provide more insights from our open banking experiences as needed.

If you have any questions, please do not hesitate to contact me.

Kind regards,

Will Buckley
Director, Canada